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**Morocco**

**Citrus**

**Annual**

**2000**

Approved by:

**Merritt Chesley**

**U.S. Embassy, Rabat**

Prepared by:

Aziz Abdelali

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**Report Highlights:**

**Morocco's 2000/2001 citrus production is expected to be down sharply because of inadequate rainfall and shortage in irrigation water. Exports of Clementines will be down sharply and no processing of this fruit is expected. The Morocco-EU agreement that gives Moroccan citrus preferential access to the EU was implemented in March 2000.**

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## Executive Summary

Morocco's citrus production is expected to be down this year considerably because the drought that prevailed during last season resulted in significant shortage of irrigation water. While production estimates for the late orange varieties may change significantly based on weather conditions through March, there is evidence that clementine production will be down significantly in the Souss (vicinity of Agadir south of Morocco) and Moulouya (vicinity of Berkane north east of Morocco) areas.

Thanks to the GOM subsidy disbursed to citrus producers when they delivered their fruit to the processor, total citrus processing increased considerably last year. The GOM subsidy is likely to be granted again this year but the processor will likely have to pay higher prices for the fruit, especially clementines, because of the short crop this year.

The EU continues to be Morocco's major outlet for citrus. Preferential access is given to Morocco under the Morocco-EU agreement implemented on March 2000. The weak Euro is expected to continue to impact negatively on Morocco's exports of citrus but also on Morocco's competitive position vis-a-vis other European suppliers (Spain) in non EU markets.

## Production

### Fresh Fruit Production

Morocco's 2000 citrus production, at 1.095 MMT, is expected to be down about 22 percent compared to last year's mostly because of inadequate water supply. The dry weather conditions that prevailed in Morocco last year reduced considerably the water levels in reservoirs, which forced the GOM to impose restrictions on use of water for irrigation. The significantly smaller Clementine (Tangerine-like) crop in the Souss and Berkane areas accounts for most of the drop. Orange production is expected to be down about 9.2 percent but production estimates for late producing varieties such as Maroc-Late oranges can still change substantially depending on the weather that prevails through February-March.

Morocco's citrus production continues to be dominated by three major varieties: 1) clementines (early, tangerine-like variety), 2) large size Navels (mid-season orange variety), and 3) Maroc-Late (late producing orange variety). Other mid-season traditional orange varieties account for a smaller share of the citrus production and include bloody oranges (sanguine and Sanuinelli), and Salutiana. Relatively new small citrus fruit (Tangerine-like) varieties that have had some success in export markets include Nova, Nour and Ortanique.

In 1999/2000, production of Maroc-Late was significantly affected by the dry weather and by the shortage of irrigation water, which resulted in a higher proportion of smaller size oranges less suitable for fresh fruit markets, especially exports. As a result, local processing of the Maroc-Late variety for production of juice concentrate went up significantly and offset largely the decline in exports.

## Morocco Citrus Production by Variety

Marketing Year	99/00	00/01	
	1,000 MT	1,000 MT	Change
	Revised	Forecast	
<b>Small Citrus Fruit</b>	<b>511</b>	<b>296</b>	<b>-42.1%</b>
- Clementine	360	210	-41.7%
- Ortanique	46	35	-23.9%
- Nova	8	8	0.0%
- Mandarine	2	3	50.0%
- Others	95	40	-57.9%
<b>Oranges</b>	<b>845</b>	<b>767</b>	<b>-9.2%</b>
- Maroc Late	498	450	-9.6%
- Navel	245	220	-10.2%
- Salutiana	52	50	-3.8%
- Sanguine	50	47	-6.0%
<b>Other Citrus</b>	<b>44</b>	<b>32</b>	<b>-27.3%</b>
<b>Total Citrus Production</b>	<b>1,400</b>	<b>1,095</b>	<b>-21.8%</b>

Source: Ministry of Agriculture, EACCE

Tangerines PS&D includes all small citrus fruits (Tangerine-like)

## Processed Citrus

In 1990/2000, processing of citrus fruits went up significantly compared to the year before because of the GOM subsidy that allowed the citrus crusher, FRUMAT, to offer higher prices for citrus fruit delivered to its plants (see policy section).

During 2000/2001, citrus processing, forecast at 80,000 MT, is anticipated to go down significantly and for all varieties reflecting the smaller citrus crop this year. Clementines are not expected to be processed this year in spite of the GOM subsidy because FRUMAT prices will not likely be as attractive to farmers as the fresh market prices. Currently retail prices of fresh clementines are about 6-8 dh/kg compared to 3-5 dh/kg last year, suggesting that farmers will more likely get a much higher return when selling in the fresh market. (Exchange rate \$1 = 11 dirhams)

The table below provides data on prices paid by FRUMAT to farmers who deliver their citrus fruit to the processing mill:

Prices paid by Processor  
(Delivered to Processing Plant, \$/MT)

Marketing Year	1998/99	1999/00
Oranges	29.82 - 91.00	43.64 - 77.59
Clementines	29.82	9.70 - 43.65

Source: FRUMAT

Weather conditions from October to February will be critical in determining the fruit size of the late producing

varieties (Maroc-Late). Adequate rainfall and water supply should result in better quality (size) fruit and should result in less fruit being directed to processing. Conversely, dry weather could result in a higher proportion of smaller fruits that are less suited for the fresh market (including local) but still of value to the processor.

Morocco's Citrus Processing  
(Metric Tons of Fresh Fruit Processed)

Marketing Year	96/97	97/98	98/99	99/00	00/01
				Revised	Forecast
<b>ORANGES</b>	<b>6,127</b>	<b>118,000</b>	<b>85,420</b>	<b>130,372</b>	<b>80,000</b>
- Maroc Late	5,124	95,000	65,375	98,275	60,000
- Navels	19	3,000	715	2,085	3,000
- Other Oranges	984	20,000	19,330	30,011	17,000
<b>Clementines</b>	<b>0</b>	<b>10,000</b>	<b>1,935</b>	<b>9,635</b>	<b>0</b>
<b>Total Received:</b>	<b>6,127</b>	<b>128,000</b>	<b>87,355</b>	<b>140,007</b>	<b>80,000</b>

Source: FRUMAT. Forecast made by AgAtt Office.

Processing of Maroc-Late oranges increased significantly last year because the dry weather resulted in a larger percentage of small size fruit not suitable for the fresh and export markets.

Maintaining a regular supply of citrus fruit remains the major problem facing FRUMAT. The yearly fluctuation of local citrus production combined with the lack of integration makes it difficult for FRUMAT to carry any medium or long-term development programs.

## Consumption

The export absorbs the highest quality fruit because it usually provides the highest return to producers while processing provides the lowest return to producers. Export-oriented farms usually deliver their production to nearby packing houses where the sorting, cleaning, waxing, and packaging of fruits are done. Non-exportable fruits are either delivered to the wholesale markets or, if they are of lower value, delivered directly to the crusher.

When in season, citrus fruit is readily available to consumers and most people can afford them. Lower quality citrus fruit for juice-making are also available in the fresh market at appealing prices, which discourages many end-users from buying industry-made juice and thus affects FRUMAT's sales.

Virtually all citrus concentrates are either used by the local soft drink industry (about 1,300 MT per year) or are exported to the EU (France, Germany and the UK). The Moroccan consumer does not generally use citrus concentrate, and FRUMAT local sales consist mostly of single strength juice and diluted (35% juice) citrus juice.

In spite of the large potential of the local juice market, FRUMAT has failed to boost the local demand. The lack

of a clear marketing strategy combined with a weak financial situation continues to dampen FRUMAT potential sales in the local market.

## Trade

Total fresh citrus exports are expected to be down about 16.8 percent reflecting the small crop this year. Exports of small fresh citrus fruit are expected to be down sharply, especially from the Souss and Moulouya areas, which have been traditionally the largest exporting regions. Estimates of exports for late producing varieties such as Maroc-Late could change significantly depending on the weather conditions in the next few months.

Morocco's Citrus Export by Variety  
(Metric Tons)

Crop Year	99/00	00/01	
	Preliminary	Forecast	% Change
<b>Small Citrus Fruit</b>	<b>270,776</b>	<b>175,500</b>	<b>-35.2%</b>
- Clementine	192,260	120,000	-37.6%
- Nour	38,618	*21,000	-45.6%
- Ortanique	20,683	20,000	-3.3%
- Nova	7,054	6,000	-14.9%
- Other	12,161	8,500	-30.1%
<b>Oranges</b>	<b>325,733</b>	<b>321,000</b>	<b>-1.5%</b>
- Maroc Late	195,848	200,000	2.1%
- Navel	61,389	60,000	-2.3%
- Salutiana	37,117	35,000	-5.7%
- Sanguine	30,028	26,000	-13.4%
- Others	1,351	500	-63.0%
<b>Other Citrus</b>	<b>141</b>	<b>0</b>	<b>-100.0%</b>
<b>Total Citrus Exports</b>	<b>596,650</b>	<b>496,500</b>	<b>-16.8%</b>

\* AgAtt Estimate

Source: Export Quality Control Office (EACCE) & AgAtt Estimates.

The weak Euro will continue to have a negative impact on Moroccan exports of fresh citrus, especially since the EU accounts for 60 percent of Moroccan fresh citrus exports. In addition, Morocco's competitive position in third country markets may be affected negatively compared to its competitor countries in the EU (Spain).

Moroccan Citrus Exports by type of Citrus and Source of Data

(Metric Tons)

	<b>96/97</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Oranges	314,992	390,891	391,126	<sup>(a)</sup> 325,733
Small Citrus Fruit	203,566	173,842	233,323	<sup>(b)</sup> 270,655
Lemon	83	928	147	na
Grapefruit	28	25	47	na
Other Fresh Citrus	25	9	59	na
<b>Total</b>	<b>518,694</b>	<b>565,696</b>	<b>624,702</b>	<sup>(a)</sup> <b>596,650</b>

Source: Official Trade Data (Office des Changes).

(a) EACCE Data.

(b) Official Trade Data through April 2000but can be considered as final because the export season for small citrus fruits is over by April.

Morocco's citrus exports continue to be overwhelmingly directed to the EU market. Proximity to the EU, high prices in the EU market, and more importantly the preferential access provided to the Moroccan citrus when entering the EU will continue to make the EU market appealing to Moroccan fresh citrus exporters. Exports to Eastern European markets, especially, Russian, consisted traditionally of lower quality citrus fruits that are less suitable for the EU market.

## Moroccan Exports of Oranges by Country of Destination

Marketing Year	10/98-9/99	
	MT	\$1,000
Exchange Rate (dh/\$1US)		9.6058
<b>EU Countries</b>	<b>239,145</b>	<b>84,401</b>
- France	89,631	33,024
- Netherlands	37,925	12,552
- Great Britain	37,807	12,516
- Germany	36,546	13,290
- Belgium	13,793	4,448
- Sweden	9,928	3,474
- Finland	8,929	3,475
- Others EU	4,586	1,622
Russia	98,223	33,570
Lithuania	12,021	4,055
Poland	6,309	2,045
Saudi Arabia	4,221	2,808
Canada	16,496	5,780
U.S.A.	5,235	1,964
Norway	1,370	399
Others	8,107	2,974
<b>Total Orange Exports</b>	<b>391,126</b>	<b>137,996</b>

Source: Official Moroccan Trade Data (Office des Changes)

\* Can be considered as final because exports season for small citrus fruits is over by April.

Moroccan Exports of Small Citrus Fruits (Tangerine Like)  
by Country of Destination

Marketing Year	10/98-9/99		10/99-4/00 ( 7 months)*	
	MT	\$1,000	MT	\$1,000
Exchange Rates (dh/\$1U.S.)		9.6058		10.3103
<b>EU Countries</b>	<b>134,077</b>	<b>83,741</b>	<b>141,094</b>	<b>78,224</b>
- France	57,112	38,012	68,398	38,337
- Netherlands	27,419	16,161	24,937	12,388
- Germany	18,932	11,183	13,121	6,592
- Great Britain	14,769	8,827	11,635	7,538
- Sweden	10,449	6,316	9,350	4,624
- Finland	4,834	2,812	4,935	2,566
- Belgium	361	350	8,597	6,167
- Other	201	80	121	12
Canada	36,442	21,890	36,933	18,932
Russia	27,075	15,393	47,643	23,052
Poland	11,856	7,179	20,194	8,627
Lithuania	10,597	5,982	3,281	1,672
Saudi Arabia	6,255	4,754	9,076	6,417
Norway	5,623	3,164	5,759	2,841
U.S.A.	478	308	2,330	1,118
Others	919	491	4,345	1,909
<b>Total</b>	<b>233,323</b>	<b>142,903</b>	<b>270,655</b>	<b>142,793</b>

Source: Official Moroccan Trade Data (Office des Changes)

\*Can be considered as final because export season for small fruit is over by April.

#### Preferential Access to EU Market

The Morocco-EU Trade Agreement was implemented on March 1, 2000. Under this agreement Morocco will benefit from three major concessions as far as citrus is concerned:

1) Quotas for Clementines and Oranges under which the fruit enter the EU duty free.

- 168,000 MT of Clementines
- 380,800 MT of oranges

2) Within the above mentioned duty free quotas, there are quotas subject to a preferential EU Minimum Entry Price (MEP) during specific periods. When the exported citrus enters the EU at a price under the MEP, it becomes subject to prohibitive tariff equivalent duties which basically stop exports.

	Preferential MEP (Euro / 100 kg)	Quota Metric Tons	Period during which Preferential MEP is Effective
Clementines	484.00	110,000	Nov.1-Feb.29
Oranges	264.00	300,000	Dec.1-May.31

Quantities above these quotas are subject to the MEP's applied by the EU in compliance with the WTO.

3) Processed citrus: Morocco has been granted duty free access to the EU for a total of 33,607 MT. Quantities above this quota are subject to duty, but at a reduced rate (70% off). Citrus juice in packages of less than 2 liters may not be in excess of 10.082 Metric Tons.

Duty-free access to the EU market is crucial to the Moroccan citrus processing industry. The agreement should not have any major impact in the short term because the processor will be limited by the low quantity of fruit made at its disposal for processing.

## Policy

The GOM continues to provide incentives to the citrus industry, mainly through:

1) Incentive to Processor:

The GOM provides a bonus to the processor, FRUMAT, to purchase fruit at competitive prices. Thus, the GOM allocated 30 million dirhams per year (\$2.8 million) for three years for direct payment to farmers delivering their fruit to FRUMAT. The subsidy per metric ton depends heavily on the total volume processed by FRUMAT. In 1998/99, the subsidy announced was 343.4 dirhams per metric ton delivered to FRUMAT. Since the subsidy per metric ton will depend heavily on the tonnage delivered to FRUMAT, the farmers are likely to get a higher subsidy per metric ton during 2000/2001 compared to the year before. Whether this subsidy is sufficient to divert fruits from the local fresh market will remain to be seen.

2) Bonus to farmers establishing new citrus orchards:

A fixed subsidy of 7,800 dirhams per hectare (\$709/ha) is given to farmers who are investing in new citrus orchards. There is also a subsidy of 2,000 dirhams per hectare for procuring localized irrigation equipments (such as drip irrigation or micro-sprinklers) that would result in greater savings of irrigation water. This subsidy is granted regardless of the types of crops.

3) Subsidy for Packing Houses / Cold Storage Houses:

	Capacity	Unit Subsidy (dirhams)	Unit Subsidy (dollars)
Cold Storage	500-5,000 CM	150 per CM	\$13.6/CM
Packing House	2 to 4 MT per hour	200,000 per MT/Hour	\$18,182/MT/Hour
	Over 4 MT per Hour	140,000 per MT/Hour	\$12,727/MT/Hour

CM = Cubic Meter. Exchange rate \$1 = 11 dirhams

Source: Ministry of Agriculture.

## **Marketing**

Citrus marketing is carried out entirely by the private sector and the GOM's role consists basically of quality control of exports, done through the EACCE Office. EACCE is also responsible for insuring that regulations of importing countries are respected.

After the abolition of the GOM export monopoly over 15 years ago, major exporters (private and one GOM exporting company) formed the Atlas Fruit Board group (AFB) who has been since then responsible for managing the shipping and export related logistics for citrus and vegetables. AFB has been also responsible for providing fruit to fulfill contracts signed in some markets (such as Canada, Middle East countries, Scandinavian Countries, and Russia) and by which exporters are committed to supply a certain quantity of fruit.

Two years ago, four members of the AFB decided to form their own exporting group, Fresh Fruit Trade, that carries out its own promotion and exports. AFB became the Moroccan Fruit Board (MFB) and an agreement was reached between all large exporting groups to maintain the MFB role in managing shipping logistics.

Regarding the local market, there are virtually no consistent market development activities undertaken.

PSD Table						
Country	Morocco					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	49	49	49	49	0	49
Area Harvested	48	48	48	48	0	48
Bearing Trees	15900	15900	15900	15900	0	15900
Non-Bearing Trees	200	200	200	200	0	200
TOTAL No. Of Trees	16100	16100	16100	16100	0	16100
Production	900	900	885	845	0	767
Imports	0	0	0	0	0	0
TOTAL SUPPLY	900	900	885	845	0	767
Exports	391	391	335	326	0	321
Fresh Dom. Consumption	424	424	450	389	0	366
Processing	85	85	100	130	0	80
TOTAL DISTRIBUTION	900	900	885	845	0	767

Export Trade Matrix			
Country	Morocco		
Commodity	Fresh Oranges		
Time period	MY 98/99	Units:	Metric Tons.
Exports for:	1998		1999
U.S.	5235	U.S.	
Others		Others	
Russia	98223		
France	89631		
Netherlands	37925		
Great Britain	37807		
Germany	36546		
Canada	16496		
Belgium	13793		
Lithuania	12021		
Sweden	9928		
Finland	8929		
Total for Others	361299		0
Others not Listed	24592		
Grand Total	391126		0

PSD Table						
Country	Morocco					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	21	21	21	21	0	21
Area Harvested	20	20	20	20	0	20
Bearing Trees	6700	6700	6700	6700	0	6700
Non-Bearing Trees	150	150	150	150	0	150
TOTAL No. Of Trees	6850	6850	6850	6850	0	6850
Production	399	399	443	511	0	296
Imports	0	0	0	0	0	0
TOTAL SUPPLY	399	399	443	511	0	296
Exports	233	233	245	271	0	176
Fresh Dom. Consumption	159	159	197	230	0	120
Processing	7	7	1	10	0	0
TOTAL DISTRIBUTION	399	399	443	511	0	296

Export Trade Matrix			
Country	Morocco		
Commodity	Fresh Tangerines		
Time period	MY 99/00	Units:	Metric Tons
Exports for:	1999		2000
U.S.	2330	U.S.	
Others		Others	
France	68398		
Canada	36933		
Russia	47643		
Netherlands	24937		
Poland	20194		
Germany	13121		
Great Britain	11635		
Sweden	9350		
Saudi Arabia	9076		
Belgium	8597		
Total for Others	249884		0
Others not Listed	18441		
Grand Total	270655		0

PSD Table						
Country	Morocco					
Commodity	Fresh Citrus,Other				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	5	5	5	5	0	5
Area Harvested	5	5	5	5	0	5
Bearing Trees	1200	1200	1200	1200	0	1200
Non-Bearing Trees	15	15	15	15	0	15
TOTAL No. Of Trees	1215	1215	1215	1215	0	1215
Production	15	15	10	10	0	10
Imports	0	0	0	0	0	0
TOTAL SUPPLY	15	15	10	10	0	10
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	15	15	10	10	0	10
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	15	15	10	10	0	10

PSD Table						
Country	Morocco					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Bearing Trees	280	280	280	280	0	280
Non-Bearing Trees	10	10	10	10	0	10
TOTAL No. Of Trees	290	290	290	290	0	290
Production	20	20	20	20	0	20
Imports	0	0	0	0	0	0
TOTAL SUPPLY	20	20	20	20	0	20
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	20	20	20	20	0	20
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	20	20	20	20	0	20

PSD Table						
Country	Morocco			65Degrees Brix		
Commodity	Juice, Orange				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Deliv. To Processors	85	85	100	130	0	80
Beginning Stocks	4788	4788	5097	3384	6397	2684
Production	9500	9500	10400	10400	0	8500
Imports	825	943	500	400	0	126
TOTAL SUPPLY	15113	15231	15997	14184	6397	11310
Exports	8200	9913	7500	9500	0	8000
Domestic Consumption	1816	1934	2100	2000	0	2200
Ending Stocks	5097	3384	6397	2684	0	1110
TOTAL DISTRIBUTION	15113	15231	15997	14184	0	11310